



NOTES FROM THE:

Auditor General of the Air Force

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Followup on Internal Air Force Audits

Management Interest

Recently a senior official asked me about the Air Force's audit followup program. He understood the importance of implementing audit recommendations but had specific questions about the process. The questions centered on who is responsible for (a) tracking responses to audit recommendations and (b) determining if corrective actions resolved the problem. Reflecting on the process, I decided this would be useful information to present in this forum.

Joint Responsibility

Responsibility for implementing the Air Force's audit followup program is shared among functional managers, audit followup officials, and the Air Force Audit Agency (AFAA). Each office has a unique role in ensuring corrective actions are timely and effective. Specific guidance and responsibilities are contained in Air Force Policy Directive 65-4, Followup on Internal Air Force Audit Reports and Liaison with External Audit Organizations, and Air Force Instruction 65-403, Followup on Internal Air Force Audit Reports.

Management Involvement

The followup system includes a two-tier process covering our Air Force- and installation-level reports. For Air Force-level audits, functional managers report the status of management actions to the Director for Audit Liaison and Followup (SAF/FMPF). For installation-level audits, functional managers report the status to focal points at major commands, direct reporting units, or field operating agencies who, in turn, provide a semiannual status report to SAF/FMPF. This reporting process provides assurance that management takes the agreed-upon actions before closing out the recommendations. Further, the Inspector General Act of 1978 requires a semiannual report to Congress that includes the current status of all audit recommendations, highlighting actions completed during the 6-month period and the resulting potential monetary benefits. Overall, Air Force audit focal points are doing an outstanding job moni-

toring, tracking, and reporting the status of agreed-upon corrective actions for the more than 6,000 recommendations made in AFAA reports annually.

Auditor Involvement

Government auditing standards require auditors to followup on material findings and recommendations from previous audits. Accordingly, AFAA auditors periodically perform followup audits on selected reports. These audits focus on determining whether management implemented timely actions in response to recommendations and whether the actions corrected previously reported conditions. Auditors consider materiality and mission impact in determining the issues selected for followup. Followup efforts normally show that effective corrective action was taken, but in some cases, a repeat condition exists warranting additional management attention. Followup audit reports accounted for about 7 percent of AFAA reports issued in Fiscal Year 1997.

AFAA Initiatives

We encourage auditors to brief management officials early in the audit when they identify conditions requiring corrective action. This procedure allows managers to correct the condition while the review is underway and gain immediate benefits. Further, we believe this practice leads to more open communication and positive working relationships with our customers. Also, taking the corrective action during the audit reduces the number of open recommendations requiring subsequent tracking.

Summary

The desired benefits of an audit include reduced costs, more effective mission accomplishment, or improved financial reporting. An effective followup system is critical to ensuring these desired benefits become real "outcomes." In my view, the Air Force followup process is working well and helps ensure timely, adequate corrective actions in response to our audits.